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FOR IMMEDIATE RELEASE

Terry Goddard Announces Settlement with Blockbuster; Consumers to Get Refunds for Late Fees

(Phoenix, Ariz. – March 29, 2005) Attorney General Terry Goddard today announced a 47-state settlement with Blockbuster Inc., which has agreed to pay about \$630,000 to settle claims that it deceived consumers in the advertising for its “No Late Fee” program.

The complaint alleges that Blockbuster’s ad campaign was misleading because it failed to clearly disclose that the consumer would be charged the selling price of the video if it was returned seven days after the due date. The complaint further alleges that if a consumer wanted to return the video rather than purchasing the video, Blockbuster would charge a so-called “re-stocking fee of \$1.25 or higher.” Goddard joined 46 other state Attorneys General and the District of Columbia in this settlement.

“Blockbuster was still charging its customers a late fee. They were just calling it a ‘restocking fee’, but it was a late fee.” Goddard said. “This is an important case because it reminds advertisers that they must be truthful with consumers.”

Under the consent agreement, Blockbuster agreed to provide a full refund or credit to any customer who rented movies under the “No Late Fee” program. The refunds will be made on a one-time per customer basis and will cover all items rented which were converted to a sale before the customer understood the return policy. The refunds apply to rental items not returned within 30 days, and items should be returned in good condition.

Blockbuster also agreed to refund the “restocking fees” if a customer returned the item but paid the fee. Consumers must make refund requests in writing.

Blockbuster began advertising the “The End of Late Fees” and “No Late Fees” on Dec.15, 2004, with the program starting on Jan. 1, 2005. The program was available at company-owned stores and those franchise stores that chose to participate. Arizona has 127 corporate stores and seven franchise stores.

Under the terms of the settlement, Blockbuster agreed to include the following in future advertising for its “No Late Fee” program:

- Blockbuster will not represent directly or by implication in any of its advertising that there are no late fees or only limited late fees.

- Blockbuster will advise consumers of any limitation on the stores participating in the offer.
- Blockbuster agreed that all stores will prominently display Blockbuster's policy for return of rental product and applicable charges if product is not returned.

Over the next six months, Blockbuster will also:

- Post a notice various locations throughout each store to inform customers of the terms and conditions of the "No Late Fee" program.
- Provide brochures containing the terms and conditions of the offer in every store.
- Explain the terms and conditions of the rental return policy its Web site www.blockbuster.com
- Tell consumers they must produce the credit card used to rent a movie in order to receive a credit if the consumer returns the movie after seven days and the rental was converted to a sale.

Blockbuster customers who believe they are entitled to a refund because they did not understand the program may get a refund form at a corporate owned or participating franchise store. Blockbuster is working with its personnel to resolve requests on the spot if possible. Consumers may also send refund requests in writing to:

Blockbuster
Attention: Mr. Steve Krumholz, Sr. Vice President
1201 Elm Street, Suite 2100
Dallas, TX 75270

Requests must be received by April 28, 2005, or if after that, within seven days of first discovering a charge in addition to the initial rental charge. Eligible customers are those who rented products after December 31, 2004 and prior to March 28, 2005. Customers must claim a lack of understanding of the "No Late Fee" program. Restitution only applies to late fees on items in the initial rental transaction after December 31, 2004.

Consumers can also file a complaint with the Consumer Information and Complaints Office in the Arizona Attorney General's Office if they feel entitled to a refund. The restitution period ends September 27, 2005.

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